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State of Idaho

Legislative Services Office

## Management Report

A communication to the Joint Finance-Appropriations Committee

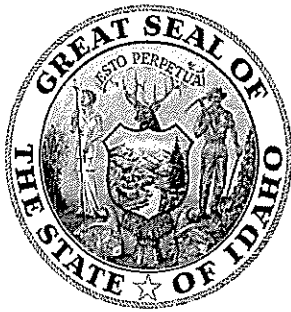
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# DEPARTMENT OF ADMINISTRATION

FY2009 AND 2010

**Report IC20010**  
**Date Issued: March 30, 2011**

*Serving Idaho's Citizen Legislature*



Idaho Legislative Services Office  
Legislative Audits Division

Don H. Berg, Manager

## DEPARTMENT OF ADMINISTRATION

### SUMMARY

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#### **PURPOSE OF MANAGEMENT REVIEW**

We conducted a management review of the Department of Administration covering the fiscal years ended June 30, 2009 and 2010. Our review covered general procedures over group insurance including compliance with contract reserve requirements, general control over processing of group insurance collections, analysis of cash balances within the group insurance fund and the monitoring of those balances by the Department of Administration. In addition we analyzed the funding sources of the Idaho Education Network (IEN) to ensure the funding was available for this purpose.

The intent of this review was not to express an opinion, but to provide general assurance on internal controls and to raise the awareness of management and others of any conditions and control weaknesses that may exist and offer recommendations for improvement.

#### **CONCLUSION**

We did not identify any significant conditions or weaknesses in the general administrative and accounting controls within group insurance and Idaho Education Network.

#### **FINDINGS AND RECOMMENDATIONS**

There are no findings and recommendations in this report or the prior report.

#### **AGENCY RESPONSE**

The Department has reviewed the report and is in general agreement with its contents.

#### **FINANCIAL INFORMATION**

The following financial data is for informational purposes only.

**DEPARTMENT OF ADMINISTRATION-- FISCAL YEAR 2010**

Fund	Title	July 1, 2009	Receipts and Transfers In	Disbursements and Transfers Out	June 30, 2010
		Beginning Cash or Appropriation			Ending Cash or Appropriation
0001	General Fund*	\$6,993,200	\$1,156	\$6,828,700	\$165,656
0120	Miscellaneous General Fund	0	3,151,124	496,636	2,654,488
0125	Indirect Cost Recovery - SWCAP	282,609	1,193,140	1,200,998	274,750
0346	American Reinvestment Fund	0	1,803,866	1,808,062	(4,196)
0348	Federal Grant	0	91,248	91,248	0
0349	Miscellaneous Revenue	0	817	0	817
0365	Permanent Building Fund	112,416,278	117,636,851	178,537,810	51,515,319
0366	Governor's Residence Fund	320,420	43,963	140,466	223,917
0450	Administration and Accounting Service	2,689,322	15,034,698	15,738,693	1,985,327
0456	Surplus Property Revolving Fund	30,077	616,872	570,154	76,795
0461	Group Insurance	79,443,845	222,408,886	205,546,109	96,306,623
0462	Retained Risk Account	8,584,833	6,589,444	7,969,930	7,204,347
0475	Professional Services	487,617	482,000	519,972	449,645
0481	Income Funds	963,433	472,738	848,339	587,832
0519	Special Indemnity Fund	3,576,725	5,877,546	4,436,164	5,018,107
<b>Total</b>		<b>\$215,788,359</b>	<b>\$375,404,349</b>	<b>\$424,733,281</b>	<b>\$166,459,427</b>

\*The FY 2010 ending balance consists of a \$164,500 reversion of an appropriation and \$1,156 closing an unreserved balance.

This report is intended solely for the information and use of the State of Idaho and the Department of Administration and is not intended to be used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the director, Teresa Luna, and her staff.

**ASSIGNED STAFF**

Eugene Sparks, CPA, CGFM, Managing Auditor

Kathleen Watkins, CPA, In-Charge Auditor

Brinton Croff, CICA, Staff Auditor

Eric Bjork, Staff Auditor

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## AGENCY RESPONSE

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State of Idaho  
Department of Administration

C.L. "BUTCH" OTTER  
Governor  
TERESA LUNA  
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March 17, 2011

Kathleen Watkins, CPA  
Legislative Auditor's Office  
Statehouse Mail

Dear Kathleen:

Thank you for the thorough work your office did on the FY09 and FY10 audit which focused on our Group Insurance program and the Idaho Education Network project. We have reviewed the audit and accept it as presented.

It was a pleasure working with both Brinton and Eric. Our department, as well as the taxpayers of Idaho, benefit from your efforts to streamline and improve the operations of state government.

Sincerely,

A handwritten signature in cursive script that reads "Connie Smith".

Connie Smith, CFO  
Department of Administration

cc: Teresa Luna, Director

# APPENDIX

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## HISTORY

Created in 1967 and enabled by Idaho Code Title 67, Chapter 57, the Department is organized into four divisions: Insurance and Internal Support, Purchasing, Public Works, and the Office of the Chief Information Officer. The Department also staffs the Idaho Capitol Commission, the Governor's Housing Committee, the Information Technology Resource Management Council (ITRMC), and the Permanent Building Fund Advisory Council.

In the Boise area, the Department is housed in four separate locations on the Capitol Mall: Len B. Jordan Building (LBJ), Department of Public Works (DPW), Borah Building, and the Parking Garage. Additionally, there are two facilities outside the Capitol Mall: the Federal Surplus Property Warehouse and the State Records Center. The Division of Public Works has satellite offices in Idaho Falls, Lewiston, Moscow, and Pocatello. Facilities Services manages the two State office buildings in Idaho Falls and Lewiston.

## STATUTORY AUTHORITY

Idaho Code Sections:

67-5705	Public Works
67-5710	Permanent Building Fund Advisory Council
67-5714	Purchasing
67-5745	Information Technology Resource Management Council
67-5746	Inventory Chattel Property
67-5747	Office of the Chief Information Officer
67-5749	Central Postal System
67-5751	Records Management
67-5760	Insurance Management
67-5773	Risk Management
67-5201	Administrative Rules
72-323	Industrial Special Indemnity Fund
67-1601	Capitol Commission
58-335B	Governor's Housing Committee

## PURPOSE

The purpose of the Department of Administration is to provide administrative, technical, and support services to State agencies. It is a client-oriented organization dedicated to providing quality, cost-effective, administrative, technical, and support services to agencies, policymakers, and other public entities.

## ORGANIZATION

The Department is organized as follows:

**Division of Insurance and Internal Support** provides administrative, fiscal, and human resource services to the Department and two small agencies. It also administers the bond payments program, which consolidates within a single program, funds to pay for capital projects financed with bonds sold by the Idaho State Building Authority. This Division includes the following:

- **The Office of Administrative Rules** structures, promulgates, and disseminates all administrative rules subject to the Idaho Administrative Procedures Act.

- **The Office of Group Insurance** negotiates and administers employee group insurance programs, including medical, vision, dental, life, and disability coverage; flexible spending accounts; and retiree medical. It also administers the integrated behavioral health plan, which provides short-term counseling and long-term prescribed care for mental health and substance abuse benefits.
- **The Risk Management Program** provides property and casualty insurance products using a blend of insurance and self-insurance. It manages the settlement of self-insured claims and provides assistance in identifying potential risks and procedures to minimize those risks.
- **The Industrial Special Indemnity Fund** adjudicates claims for total and permanent disability as a result of an employee suffering a second injury in the workplace. It protects the employer who has been encouraged to hire employees with pre-existing conditions.

**Division of Purchasing** provides training to and supports State agencies with purchasing requirements through the lease or purchase of goods, services, parts, supplies, and equipment. It ensures that agencies obtain quality and cost-efficient goods and services. The Division includes the following:

- **Central Postal Services** provides U.S. Postal Service bound pick-up and delivery twice daily, handles ground/air express, and pre-sorts items. It provides folding, inserting, and metering services, and distribution of Statehouse Mail.
- **Document Management** offers reproduction services at the Copy Center, as well as workshops and assistance in the procurement of printed materials. It also provides micrographics, records-storage services, and standard forms.
- **Federal Surplus Property Program** assists the U.S. General Services Administration with the donation of federal surplus property to State and local government entities and eligible not-for-profit organizations.

**Division of Public Works** develops budgets for State buildings and renovation projects. It oversees the selection of architects and engineers, and provides technical review of project plans and specifications. It supervises the bidding process for building and renovation projects, as well as the actual construction according to approved plans and specifications. The Division includes the following:

- **The Leased Space Program** prepares requests for proposals for State-leased office space and negotiates lease rates. It oversees leases for approximately 2.2 million square feet of State-occupied space.
- **Facilities Management Services** provides property management services for approximately 1.2 million gross square feet of occupied State-owned buildings, which includes common spaces, conference rooms, and almost 800,000 square feet of office space. It provides environmental control systems, building maintenance, custodial, and security services.

**Office of the Chief Information Officer**

- **Information Technology Enterprise Services** maintains the State portal, manages interagency electronic mail, assists with Web page development, supports small agencies, coordinates statewide data network and Internet access, and secures the State network from malicious intrusions. It provides wide and local area network support, develops and implements statewide IT security strategies, and coordinates incident response.



- **Telephone Services** installs and configures telephone lines, systems, and services. It administers service contracts, statewide long distance service, calling cards, 800 numbers in WAYS, audio conferencing, payphones, and cellular service.
- **GIS Service Center** provides GIS application development and integration services.
- **Idaho Education Network** is being developed to provide a statewide, high-speed, education network to meet the needs of K-12.

**Information Technology Resource Management Council** (ITRMC) reviews and evaluates the information technology and telecommunications systems presently in use by State agencies, and prepares statewide short- and long-range IT and telecommunications plans.

# STATE OF IDAHO DEPARTMENT OF ADMINISTRATION

